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REVIEW OF THE MONTH

THE ACCUMULATION OF CAPITAL—Leo Huberman

THE COMMUNIST MANIFESTO

AFTER 100 YEARS—The Editors

VOL. I

4


EDITORS — LEO HUBERMAN — PAUL M. SWEEZY

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NOTES FROM THE EDITORS

Recently we suggested to a man who has been coming to the office every month to buy a copy of MR that he could save money by becoming a regular subscriber. "I know," he said, "but I'm a teacher and can't afford to be on your mailing list."

In the light of the present "cold terror," and especially since the exposure at the Coplon trial of the kind of "reports" the FBI collects on private citizens, we did not feel that we could argue the point. This teacher is unfortunately one of many to whom the words "Sweet Land of Liberty" no longer mean what they once did. Sometimes it comes as a shock to remember that this is the U.S.A. where "iron curtain" is a term of abuse reserved for countries that haven't achieved our standards of civilization.

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POINT FOUR

The basic problem of the American economy, the problem which increasingly dominates our whole domestic and international policy, is how to get rid of what may be called "the surplus." The size of the surplus in "normal" times may be anywhere from, say, \$10 billion to \$30 billion. It is surplus in the sense that the mass of working-class and middle-class consumers cannot afford to buy it in the form of finished goods and services, and capitalists cannot make profitable use of it in the form of additional plant, equipment, etc.

If the surplus does not find a market, the consequence is bound to be a drastic fall in production, and mass unemployment—in short the kind of chronic depression which we experienced throughout the decade of the 1930's.

One solution for the surplus is war. War simply wastes and destroys it. War preparation is similar, except that it operates on a smaller scale.

A second solution is government subsidies to foreign countries along the line of the Marshall Plan. Foreign subsidies remove the surplus from the American market.

A third solution is foreign investment, in other words putting the surplus into plant, equipment, working capital, etc., in foreign countries. This operates in the same way as foreign subsidies, the only difference being that foreign investment will not be undertaken by private capitalists unless it is expected to yield them a profit.

Since the war, the United States has relied on a combination of the first and second methods to get rid of the surplus, on war preparations and foreign subsidies. Their inadequacy, at least on the scale so far practiced, is now obvious. The depression has already set in and is deepening month by month. Clearly something new has to be tried.

That is where the famous "Point Four" (i.e. the fourth point in President Truman's inaugural address of last January) comes in. Ever since the late 1920's there has been very little foreign investment. The risks have been too many and too great: chiefly risks from unstable or inconvertible currencies on the one hand and from nationalistic or revolutionary policies in the recipient countries on the other. President Truman's message to Congress of June 24th makes it clear how

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the administration proposes to deal with this problem and to get foreign investment moving again.

The message recommends two forms of assistance for under-developed countries. The first is called "technical assistance," the second "provision of capital," which comes to the same thing as what we have called foreign investment. The basic aim of technical assistance—aside from saving the world from communism—is to prepare the ground for foreign investment. "In general," the message states,

technical surveys of resources and of the possibilities of economic development must precede substantial capital investment. Furthermore, in many of the areas concerned, technical assistance in improving sanitation, communications, or education is required to create conditions in which capital investment can be fruitful.

Thus there can be no doubt that the heart and soul of Point Four is *foreign investment*.

Some foreign investment has been and will continue to be channeled through the International Bank and the Export-Import Bank, but "private sources of funds must be encouraged to provide a major part of the capital required." Thus there can be no doubt that the heart and soul of Point Four is *private* foreign investment.

How encourage private capitalists to invest abroad? "In all probability novel devices will have to be employed if the investment from this country is to reach proportions sufficient to carry out the objectives of our program." What are the proposed novel devices?

There are two kinds. The first is treaties with "other countries to protect the investor from unwarranted or discriminatory treatment under the laws of the country in which he makes his investment." In making these treaties, "we do not, of course, ask privileges for American capital greater than those granted to other investors . . . or greater than we ourselves grant in this country" (emphasis added). In other words, we only want the other countries to contract to maintain the same kind of capitalist system we have.

The second novel device is provided just in case the first doesn't work; it is designed to give assurance to capitalists "against risk of loss through expropriation without compensation, unfair or discriminatory treatment, destruction through war or rebellion, or the inability to convert their earnings into dollars." With this end in view, the President recommends to Congress "that the Export-Import Bank be authorized to guarantee United States private capital, invested in productive enterprises abroad which contribute to economic development of under-developed areas, against the risks peculiar to those investments."

Finally, the President assures Congress that the proposals of this message are "only the first steps:"

We are here embarking on a venture that extends far into the future. We are at the beginning of a rising curve of activity, private, governmental and international, that will continue for many years to come.

All this is plain enough, and we should be grateful to President Truman for saying it openly and frankly. It adds up to a program of imperialism which would have made Cecil Rhodes turn green with envy. In the heyday of western European imperialism, governments generally denied that they were putting the power of the state and the resources of the treasury at the disposal of private capital. In Fair Deal America, the government boasts about it and promises to do it "for many years to come."

Of course, there is no guarantee that the President's "bold new program" will amount to anything. It is not certain how many countries will sign treaties contracting to run a capitalist establishment along American lines; nor is it clear that private capital wants to travel abroad, even with the most comforting of insurance policies in its pocket. But at any rate, there is no question about the good intentions of the administration, and for the present at any rate we must judge the program by its intentions and not by its still unknown results.

We shall be told, of course, by all sorts of liberals that this time things are different; that the government will be in control, and the government wants nothing more than democracy and freedom for every one; that, in the words of the President's inaugural, "the old imperialism-exploitation for foreign profit—has no place in our plans." We shall be told, but why should we believe it? Has private capital really changed so much? Has it really lost its grip on the government? Who's kidding whom?

Until some one has given us reassuring answers to our queries, we will string along with the *Boston Globe's* financial columnist, T. G. M., who wrote on January 21st:

Unfortunately those with an interest in history will recognize in the above [statement of the objectives of Point Four] the precise formula upon which 19th century imperialism was launched. No imperialism—not even that of Rome—has ever set out to exploit people. The purpose is always to enlighten and assist them peacefully. The guns come later, when the people turn out not to want the newcomer's particular brand of light. . . .

Mr. Truman cannot possibly imagine that we as a people [he means the people for whom his column is written] will be willing to export capital, and for that matter even our technical knowledge, merely [!] that the human family can achieve the

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decent, happy life that is all people's right—not even if the exportation is covered by the “guarantees to the investor,” at which the speech hints.

Such guarantees can only mean that the guns will come out all the faster, and that the new instrument of exploitation will not be the individual capitalist, but the capitalistic state.

Our liberal friends may stir a bit uneasily at these reminders of the past. After all, they too used to fight the good fight against the rotten game of imperialism and for the right of backward peoples to freedom and self-determination. But nowadays they are likely to put aside their embarrassment in the name of a higher law of necessity. How else is the surplus to be disposed of except through a great flow of capital to the under-developed areas?

How else? Why, very simple. By abolishing it. No socialist society ever has been or ever will be troubled with a surplus. Under socialism the people can use, individually or collectively, everything they can produce. And if they decide to send part of their production abroad, they know that they are making a sacrifice “merely that the human family can achieve the decent, happy life that is all people's right.”

That's the way we in the United States can solve the problem of the surplus, too.

THE BRITISH CRISIS

It is now obvious, as it should have been all along, that Britain has made and is making substantially no progress in solving her fundamental economic problem, which is to find some way to pay for what she has to have from abroad.

In the old days Britain could out-compete other industrial nations on the world market, and she had a huge “take” from foreign investments, especially in the Empire. But those days are gone forever. The foreign investments have been whittled down by wars and revolutions, and British exports can be readily disposed of only on a seller's market.

The post-war seller's market is now over. The American slump has begun, carrying with it a decline in the dollar demand for British as well as other exports. German competition is becoming keener every day, and it will not be long before Japan will be a factor to be reckoned with. Even with very large Marshall Plan subsidies, Britain is not paying her way; her gold and dollar reserves are being rapidly depleted. In short, another of the long series of post-war crises is upon her.

What to do? The British capitalists have an answer. It is—un-

employment. Speaking through their most authoritative mouthpiece, the London *Economist*, they argue that the only thing that can save Britain is to improve her competitive position by slashing costs, so as "to enable the country to earn its living in a world that has never heard of fair shares and grants a standard of welfare as of right to no one." (*The Economist*, June 18.) And their opinion is that "the emergence of a moderate degree of unemployment [defined as between 1 million and 1.4 million] would be followed by a sharp reduction in average costs of production"—chiefly because they believe unemployment would make the workers work harder, but also because of "the likely effect on profit margins and the 'productivity' of management and middlemen."

Whether "a moderate degree of unemployment" would have this effect is more than doubtful, but no one can question that very heavy unemployment would do the trick—not so much by reducing costs as by reducing British demand for foreign foodstuffs and raw materials.

Has the Labor Party a different answer? If so, we do not yet know what it is. The *Economist* obviously thinks that it hasn't.

Does this mean that no other answer is possible? No. There is a socialist as well as a capitalist answer.

The socialist answer would involve sweeping aside the vested interests which keep the British economy inefficient and wasteful (and which incidentally still—despite all disclaimers—get paid very decently for their pains). It would involve planning the use of resources with great care and firmness, and re-directing British trade as far and as fast as possible to countries willing and able to enter into iron-clad, long-term commitments. This last point is crucial. Real planning must look ahead at least five years, and this is simply impossible for a country as heavily dependent on foreign trade as Britain unless both exports and imports can be calculated in advance with reasonable certainty.

The real issue in Britain, then, is unemployment (possibly moderate, but probably immoderate) *versus* socialist reorganization of the whole economy. The capitalists have made their choice. So far the Labor Party has not been willing to face up to the necessity of choosing. But no procrastination or evasion can prevent precisely this issue from increasingly dominating British politics, and indeed not only British politics but every aspect of British life. (July 14, 1949)



He who renounces the struggle for socialism renounces both the labor movement and democracy.

Rosa Luxemburg

THE COMMUNIST MANIFESTO AFTER 100 YEARS

BY THE EDITORS

The *Communist Manifesto*, the most famous document in the history of the socialist movement, was written by Karl Marx and Friedrich Engels during the latter part of 1847 and the first month of 1848. It was published in February 1948. This appreciation of the *Manifesto* at the end of its first century is thus more than a year late. This is a case, however, in which we hope our readers will agree with us: better late than never.

THE HISTORICAL IMPORTANCE OF THE MANIFESTO

What gives the *Manifesto* its unique importance? In order to answer this question it is necessary to see clearly its place in the history of socialism.

Despite a frequently encountered opinion to the contrary, there was no socialism in ancient or medieval times. There were movements and doctrines of social reform which were radical in the sense that they sought greater equality or even complete community of consumer goods, but none even approached the modern socialist conception of a society in which the means of production are publicly owned and managed. This is, of course, not surprising. Production actually took place on a primitive level in scattered workshops and agricultural strips—conditions under which public ownership and management were not only impossible but even unthinkable.

The first theoretical expression of a genuinely socialist position came in Thomas More's *Utopia*, written in the early years of the sixteenth century—in other words, at the very threshold of what we call the modern period. But *Utopia* was the work of an individual genius and not the reflection of a social movement. It was not until the English Civil War, in the middle of the seventeenth century, that socialism first began to assume the shape of a social movement. Gerrard Winstanley (born 1609, died sometime after 1660) was probably the greatest socialist thinker that the English-speaking countries have yet produced, and the Digger movement which he led was certainly the first practical expression of socialism. But it lasted only a very short time, and the same was true of the movement led by Babeuf during the French Revolution a century and a half later. Meanwhile, quite a number of writers had formulated views of a more or less definitely socialist character.

But it was not until the nineteenth century that socialism became

an important public issue and socialists began to play a significant role in the political life of the most advanced European countries. The Utopian socialists (Owen, Fourier, St. Simon) were key figures in this period of emergence; and the Chartist movement in Britain, which flourished during the late 1830's and early 1840's, showed that the new factory working class formed a potentially powerful base for a socialist political party.

Thus we see that socialism is strictly a modern phenomenon, a child of the industrial revolution which got under way in England in the seventeenth century and decisively altered the economic and social structure of all of western Europe during the eighteenth and early nineteenth centuries. By 1840 or so, socialism had arrived in the sense that it was already widely discussed and politically promising.

But socialism was still shapeless and inchoate—a collection of brilliant insights and perceptions, of more or less fanciful projects, of passionate beliefs and hopes. There was an urgent need for systematization; for a careful review picking out what was sound, dropping what was unsound, integrating into the socialist outlook the most progressive elements of bourgeois philosophy and social science.

It was the historical mission of Karl Marx and Friedrich Engels to perform this task. They appeared on the scene at just the right time; they were admirably prepared by background and training; they seized upon their opportunity with a remarkably clear estimate of its crucial importance to the future of mankind.

Marx and Engels began their work of transforming socialism "from utopia to science" in the early 1840's. In the next few years of profound study and intense discussion they worked out their own new socialist synthesis. The *Manifesto* for the first time broadcast this new synthesis to the world—in briefest compass and in arrestingly brilliant prose.

The *Manifesto* thus marks a decisive watershed in the history of socialism. Previous thought and experience lead up to it; subsequent developments start from it. It is this fact which stamps the *Manifesto* as the most important document in the history of socialism. And the steady growth of socialism as a world force since 1848 has raised the *Manifesto* to the status of one of the most important documents in the entire history of the human race.

HOW SHOULD WE EVALUATE THE *MANIFESTO* TODAY?

How has the *Manifesto* stood up during its first hundred years? The answer we give to this question will depend largely on the criteria by which—consciously or unconsciously—we form our judgments.

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Some who consider themselves Marxists approach the *Manifesto* in the spirit of a religious fundamentalist approaching the Bible—every word and every proposition were literally true when written and remain sacrosanct and untouchable after the most eventful century in world history. It is, of course, not difficult to demonstrate to the satisfaction of any reasonable person that this is an untenable position. For this very reason, no doubt, a favorite procedure of enemies of Marxism is to assume that all Marxists take this view of the *Manifesto*. If the *Manifesto* is judged by the criterion of one-hundred-percent infallibility it can be readily disposed of by any second-rate hack who thus convinces himself that he is a greater man than the founders of scientific socialism. The American academic community, it may be noted in passing, is full of such great men today. But theirs is a hollow victory which, though repeated thousands of times every year, leaves the *Manifesto* untouched and the stature of its authors undiminished.

Much more relevant and significant are the criteria which Marx and Engels themselves, in later years, used in judging the *Manifesto*. For this reason the prefaces which they wrote to various reprints and translations are both revealing and important (especially the prefaces to the German edition of 1872, the Russian edition of 1882, the German edition of 1883, and the English edition of 1888). Let us sum up what seem to us to be the main points which emerge from a study of these prefaces:

1. In certain respects, Marx and Engels regarded the *Manifesto* as clearly dated. This is particularly the case as regards the programmatic section and the section dealing with socialist literature (end of Part II and all of Part III).

2. The general principles set forth in the *Manifesto* were, in their view, "on the whole as correct today as ever" (first written in 1872, repeated in 1888).

3. The experience of the Paris Commune caused them to add a principle of great importance which was absent from the original, namely, that "the working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes." In other words, the "ready-made state machinery" had been created by and for the existing ruling classes and would have to be replaced by new state machinery after the conquest of power by the working class.

4. Finally—and this is perhaps the most important point of all—in their last joint preface (to the Russian edition of 1882), Marx and Engels brought out clearly the fact that the *Manifesto* was based on the historical experience of western and central Europe. But by 1882 Russia, in their opinion, formed "the vanguard of revolutionary action in Europe," and this development inevitably gave rise to new ques-

tions and problems which did not and could not arise within the framework of the original *Manifesto*.

It is thus quite obvious from these later prefaces that Marx and Engels never for a moment entertained the notion that they were blueprinting the future course of history or laying down a set of dogmas which would be binding on future generations of socialists. In particular, they implicitly recognized that as capitalism spread and drew new countries and regions into the mainstream of modern history, problems and forms of development not considered in the *Manifesto* must necessarily be encountered.

On the other hand, Marx and Engels never wavered in their conviction that the *general principles* set forth in the *Manifesto* were sound and valid. Neither the events of the succeeding decades nor their own subsequent studies, profound and wide-ranging as they were, caused them to alter or question its central theoretical framework.

It seems clear to us that in judging the *Manifesto* today, a century after its publication, we should be guided by the same criteria that the authors themselves used twenty-five, thirty, and forty years after its publication. We should not concern ourselves with details but should go straight to the general principles and examine them in the light of the changed conditions of the mid-twentieth century.

THE GENERAL PRINCIPLES OF THE *MANIFESTO*

The general principles of the *Manifesto* can be grouped under the following headings: (a) historical materialism, (b) class struggle, (c) the nature of capitalism, (d) the inevitability of socialism, and (e) the road to socialism. Let us review these principles as briefly and concisely as we can.

(a) *Historical Materialism*. This is the theory of history which runs through the *Manifesto* as it does through all the mature writings of Marx and Engels. It holds that the way people act and think is determined in the final analysis by the way they get their living; hence the foundation of any society is its economic system; and therefore economic change is the driving force of history. Part I of the *Manifesto* is essentially a brilliant and amazingly compact application of this theory to the rise and development of capitalism from its earliest beginnings in the Middle Ages to its full-fledged mid-nineteenth century form. Part II contains a passage which puts the case for historical materialism as against historical idealism with unexampled clarity:

Does it require deep intuition to comprehend that man's ideas, views, and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material

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existence, in his social relations and in his social life?

What else does the history of ideas prove, than that intellectual production changes its character in proportion as material production is changed? The ruling ideas of each age have ever been the ideas of its ruling class.

When people speak of ideas that revolutionize society, they do but express the fact, that within the old society, the elements of a new one have been created, and that the dissolution of the old ideas keeps even pace with the dissolution of the old conditions of existence.

(b) *Class Struggle*. The *Manifesto* opens with the famous sentence: "The history of all hitherto existing society is the history of class struggles." This is in no sense a contradiction of the theory of historical materialism but rather an essential part of it. "Hitherto existing society" (Engels explained in a footnote to the 1888 edition that this term should not be interpreted to include pre-literate societies) had always been based on an economic system in which some people did the work and others appropriated the social surplus. Fundamental differences in the method of securing a livelihood—some by working, some by owning—must, according to historical materialism, create groups with fundamentally different and in many respects antagonistic interests, attitudes, aspirations. These groups are the classes of Marxian theory. They, and not individuals, are the chief actors on the stage of history. Their activities and strivings, above all their conflicts, underlie the social movements, the wars and revolutions, which trace out the pattern of human progress.

(c) *The Nature of Capitalism*. The *Manifesto* contains the bold outlines of the theory of capitalism which Marx was to spend most of the remainder of his life perfecting and elaborating. (It is interesting to note that the term "capitalism" does not occur in the *Manifesto*; instead, Marx and Engels use a variety of expressions, such as "existing society," "bourgeois society," "the rule of the bourgeoisie," and so forth.) Capitalism is pre-eminently a market, or commodity-producing economy which "has left no other nexus between man and man than naked self-interest, than callous 'cash payment.'" Even the laborer is a commodity and must sell himself piecemeal to the capitalist. The capitalist purchases labor (later Marx would have substituted "labor power" for "labor" in this context) in order to make profits, and he makes profits in order to expand his capital. Thus the laborers form a class "who live only so long as they find work, and who find work only so long as their labor increases capital."

It follows that capitalism, in contrast to all earlier forms of society, is a restlessly expanding system which "cannot exist without constantly revolutionizing the instruments of production, and thereby

the relations of production, and with them the whole relations of society." Moreover, "the need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere." Thanks to these qualities, "the bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together." But, by a peculiar irony, its enormous productivity turns out to be the nemesis of capitalism. In one of the great passages of the *Manifesto*, which is worth quoting in full, Marx and Engels lay bare the inner contradictions which are driving capitalism to certain shipwreck:

Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells. For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeoisie and of its rule. It is enough to mention the commercial crises that by their periodical return put the existence of the entire bourgeois society on its trial, each time more threateningly. In these crises a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity—the epidemic of overproduction. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed. And why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The conditions of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand, by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented.

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(d) *The Inevitability of Socialism.* The mere fact that capitalism is doomed is not enough to ensure the triumph of socialism. History is full of examples which show that the dissolution of a society can lead to chaos and retrogression as well as to a new and more progressive system. Hence it is of greatest importance that capitalism by its very nature creates and trains the force which at a certain stage of development must overthrow it and replace it by socialism. The reasoning is concisely summed up in the last paragraph of Part I:

The essential condition for the existence and for the sway of the bourgeois class, is the formation and augmentation of capital; the condition for capital is wage labor. Wage labor rests exclusively on competition between the laborers. The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the laborers, due to competition, by their revolutionary combination, due to association. The development of modern industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie therefore produces, above all, are its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable.

(e) *The Road to Socialism.* There are two aspects to this question as it appears in the *Manifesto*: first, the general character of the socialist revolution; and, second, the course of the revolution on an international scale.

The socialist revolution must be essentially a working-class revolution, though Marx and Engels were far from denying a role to elements of other classes. As pointed out above, the development of capitalism itself requires more and more wage workers; moreover as industry grows and the transport network is extended and improved, the workers are increasingly unified and trained for collective action. At a certain stage this results in the "organization of the proletarians into a class, and consequently into a political party." The contradictions of capitalism will sooner or later give rise to a situation from which there is no escape except through revolution. What Marx and Engels call the "first step" in this revolution is the conquest of power, "to raise the proletariat to the position of ruling class, to win the battle of democracy." It is important to note—because it has been so often overlooked—that basic social changes come only after the working class has acquired power:

The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the state, i.e. of the proletariat organized as the ruling class; and to increase the total of productive powers as rapidly as possible.

This will be a transition period during which the working class

"sweeps away by force the old conditions of production." (In view of present-day misrepresentations of Marxism, it may be as well to point out that "sweeping away by force" in this connection implies the orderly use of state power and not the indiscriminate use of violence.) Finally, along with these conditions, the working class will

have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all.

So much for the general character of the socialist revolution. There remains the question of the international course of the revolution. Here it was clear to Marx and Engels that though the modern working-class movement is essentially an international movement directed against a system which knows no national boundaries, "yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle." And from this it follows that "the proletariat of each country must, of course, first of all settle matters with its own bourgeoisie." At the same time, Marx and Engels were well aware of the international character of the counter-revolutionary forces which would certainly attempt to crush an isolated workers' revolution. Hence, "united action of the leading civilized countries at least, is one of the first conditions for the emancipation of the proletariat." Thus the various national revolutions must reinforce and protect one another and eventually merge into a new society from which international exploitation and hostility will have vanished. For, as Marx and Engels point out:

In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put an end to. In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end.

As to the actual geography of the revolution, Marx and Engels took it for granted that it would start and spread from the most advanced capitalist countries of western and central Europe. At the time of writing the *Manifesto*, they correctly judged that Europe was on the verge of a new revolutionary upheaval, and they expected that Germany would be the cockpit:

The Communists turn their attention chiefly to Germany, because that country is on the eve of a bourgeois revolution that is bound to be carried out under more advanced conditions of European civilization and with a much more developed proletariat than that of England was in the seventeenth, and of

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France in the eighteenth century, and because the bourgeois revolution in Germany will be but the prelude to an immediate following proletarian revolution.

This prediction, of course, turned out to be overoptimistic. Not the revolution but the counter-revolution won the day in Germany, and indeed in all of Europe. But at no time in their later lives did Marx and Engels revise the view of the *Manifesto* that the proletarian, or socialist, revolution would come first in one or more of the most advanced capitalist countries of western and central Europe. In the 1870's and 1880's they became increasingly interested in Russia, convinced that that country must soon be the scene of a revolution similar in scope and character to the great French Revolution of a hundred years earlier. No small part of their interest in Russia derived from a conviction that the Russian revolution, though it would be essentially a bourgeois revolution, would flash the signal for the final showdown in the West. As Gustav Mayer says in his biography of Engels, speaking of the later years, "his speculations about the future always centered on the approaching Russian revolution, the revolution which was to clear the way for the proletarian revolution in the West." (English translation, p. 278.) But "he never imagined that his ideas might triumph, in that Empire lying on the very edge of European civilization, before capitalism was overthrown in western Europe." (p. 286.)

THE GENERAL PRINCIPLES OF THE *MANIFESTO*

A HUNDRED YEARS LATER

What are we to say of the theoretical framework of the *Manifesto* after a hundred years? Can we say, as Marx and Engels said, that they are "on the whole as correct today as ever?" Or have the events of the last five or six decades been such as to force us to abandon or revise these general principles? Let us review our list item by item.

Historical Materialism. The last half century has certainly provided no grounds whatever to question the validity of historical materialism. Rather the contrary. There has probably never been a period in which it was more obvious that the prime mover of history is economic change; and certainly the thesis has never been so widely recognized as at present. This recognition is by no means confined to Marxists or socialists; one can even say that it provides the starting point for an increasingly large proportion of all serious historical scholarship. Moreover, the point of view of historical materialism—that "mans' ideas, views, and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material exist-

ence, in his social relations and in his social life"—has been taken over (ordinarily without acknowledgment, and perhaps frequently without even knowledge, of its source) by nearly all social scientists worthy of the name. It is, of course, true that the world-wide crisis of the capitalist system, along with the wars and depressions and catastrophes to which it has given rise, have produced a vast outpouring of mystical, irrational theories in recent years, and that such theories are increasingly characteristic of bourgeois thought as a whole. But wherever sanity and reason prevail, both inside and outside the socialist movement, there the truth of historical materialism is ever more clearly perceived as a beacon lighting up the path to an understanding of human society and its history.

Class Struggle. The theory of class struggle, like the theory of historical materialism, has been strengthened rather than weakened by the events of the last half century. Not only is it increasingly clear that internal events in the leading nations of the world are dominated by class conflicts, but also the crucial role of class conflict in international affairs is much nearer the surface and hence more easily visible today than ever before. Above all, the rise and spread of fascism in the inter-war period did more than anything else possibly could have done to educate millions of people all over the world to the class character of capitalism and the lengths to which the ruling class will go to preserve its privileges against any threat from below. Moreover, here, as in the case of historical materialism, serious social scientists have been forced to pay Marx and Engels the compliment of imitation. The study of such diverse phenomena as social psychology, the development of Chinese society, the caste system in India, and racial discrimination in the U. S. south, is being transformed by a recognition of the central role of class and class struggle. Honest enemies of Marxism are no longer able to pooh-pooh the theory of class struggle as they once did; they now leave the pooh-poohing to the dupes and paid propagandists of the ruling class. They must admit, with H. G. Wells, that "Marx, who did not so much advocate the class war, the war of the expropriated mass against the appropriating few, as foretell it, is being more and more justified by events," (*The Outline of History*, Vol. II, p. 399;) or, with Professor Talcott Parsons, Chairman of the Social Relations Department at Harvard, that "the Marxian view of the importance of class structure has in a broad way been vindicated." (*Papers and Proceedings of the 61st Annual Meeting of the American Economic Association*, May 1949, p. 26.)

The Nature of Capitalism. In political economy, bourgeois social science has borrowed less from, and made fewer concessions to, the Marxian position than in historiography and sociology. The reason is not far to seek. Historical materialism and class struggle are general

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theories which apply to many different societies and epochs. It is not difficult, with the help of circumlocutions and evasions, to make use of them in relatively "safe" ways and at the same time to obtain results incomparably more valuable than anything yielded by the traditional bourgeois idealist and individualist approaches. When it comes to political economy, however, the case is very different. Marxian political economy applies specifically to capitalism, to the system under which the bourgeois social scientist lives (and makes his living) here and now; its conclusions are clear-cut, difficult to evade, and absolutely unacceptable to the ruling class. The result is that for bourgeois economists, Marxian political economy scarcely exists and it is rare to find in their writings an admission of Marx's greatness as an economist stated so specifically as in the following: "He was the first economist of top rank to see and to teach systematically how economic theory may be turned into historical analysis and how the historical narrative may be turned into *histoire raisonnée*." (J. A. Schumpeter, *Capitalism, Socialism, and Democracy*, 1st ed., p. 44.)

Does the neglect of Marx as an economist indicate the failure of the idea of the *Manifesto*? On the contrary; the correlation is an inverse one. What idea has been more completely confirmed by the last century than the conception of capitalism's restless need to expand, of the capitalist's irresistible urge to "nestle everywhere, settle everywhere, establish connections everywhere?" Who can deny today that the periodical return of crises is a fact which puts the "existence of the entire bourgeois society on its trial, each time more threateningly?" Who can fail to see that "the conditions of bourgeois society are too narrow to comprise the wealth created by them?" In short, who can any longer be blind to the fact that capitalism is riddled with contradictions which make its continued existence—at least in anything like its traditional form—impossible and unthinkable?

The Inevitability of Socialism. There are, of course, many who, recognizing the dire straits to which the capitalist world has come, believe that it is possible to patch up and reform the system in such a way as to make it serve the real interests of society. But their number is diminishing every day, and conversely the great international army of socialism is growing in strength and confidence. Its members have every reason for confidence.

When the *Manifesto* was written, socialism was composed of "little sects," as Engels told the Zürich Congress of the Second International in 1893; by that time, two years before his death, it "had developed into a powerful party before which the world of officialdom trembles."

Twenty-five years later, after World War I, one-sixth of the land surface of the globe had passed through a proletarian revolution and

was, as subsequent events showed, securely on the path to socialism.

Three decades later, after World War II, more than a quarter of the human race, in eastern Europe and China, had followed suit.

If capitalism could not prevent the growth of socialism when it was healthy and in sole possession of the field, what reason is there to suppose that it can now perform the feat when it is sick to death and challenged by an actually functioning socialist system which grows in strength and vigor with every year that passes? The central message of the *Manifesto* was the impending doom of capitalism and its replacement by a new, socialist order. Has anything else in the whole document been more brilliantly verified by the intervening hundred years?

The Road to Socialism. Much of what Marx and Engels said in the *Manifesto* about the general character of the socialist revolution has been amply confirmed by the experience of Russia. The working class did lead the way and play the decisive role. The first step was "to raise the proletariat to the position of ruling class." The proletariat did "use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the state, . . . and to increase the total of productive powers as rapidly as possible." The conditions for the existence of class antagonisms have been "swept away." On the other hand, the relative backwardness of Russia and the aggravation of class and international conflicts on a world scale have combined to bring about the intensification rather than the dismantling of state power in the USSR. The achievement of "an association in which the free development of each is the condition for the free development of all" remains what it was a century ago, a goal for the future.

It is also true that an important part of what is said in the *Manifesto* about the international course of the revolution has been corroborated by subsequent experience. The socialist revolution has not taken the form of a simultaneous international uprising; rather it has taken, and gives every prospect of continuing to take, the form of a series of national revolutions which differ from one another in many respects. Such differences, however, do not alter the fact that in content all these socialist revolutions, like the bourgeois revolutions of an earlier period, are international in character and are contributing to the building of a new world order. We cannot yet state as a fact that this new world order will be one from which international enmity will have vanished, and the quarrel between Yugoslavia and the other socialist countries of eastern Europe may seem to point to an opposite conclusion. The present status of international relations, however, is so dominated by the division of the world into two systems and the prepara-

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tion of both sides for a possible "final" conflict, and the existence of more than one socialist country is such a recent phenomenon, that we shall do well to reserve judgment on the import of the Yugoslav case. In the meantime, the reasons for expecting the gradual disappearance of international exploitation and hostility from a *predominantly* socialist world are just as strong as they were a hundred years ago.

We now come to our last topic, the geography of the socialist revolution. Here there can be no question that Marx and Engels were mistaken, not only when they wrote the *Manifesto* but in their later writings as well. The socialist revolution did not come first in the most advanced capitalist countries of Europe; nor did it come first in America after the United States had displaced Great Britain as the world's leading capitalist country. Further, the socialist revolution is not spreading first to these regions from its country of origin; on the contrary, it is spreading first to comparatively backward countries which are relatively inaccessible to the economic and military power of the most advanced capitalist countries. The first country to pass through a successful socialist revolution was Russia, and this was not only not anticipated by Marx and Engels but would have been impossible under conditions which existed during the lifetime of their generation.

Why were Marx and Engels mistaken on this issue? We must examine this question carefully, both because it is an important issue in its own right and because it is the source of many misconceptions.

At first sight, it might appear that the mistake of Marx and Engels consisted in not providing explanatory principles adequate to account for the Russian Revolution. But we do not believe that this reaches the heart of the problem. It is, of course, true, as we pointed out above, that during the 1870's and 1880's Marx and Engels denied the possibility of a *socialist* revolution in Russia. But at that time they were perfectly right, and it is not inconsistent to record this fact and at the same time to assert that the pattern and timing of the Russian Revolution were in accord with the principles of the *Manifesto*. What is too often forgotten is that between 1880 and World War I, capitalism developed extremely rapidly in the empire of the Tsars. In 1917 Russia was still, *on the whole*, a relatively backward country; but she also possessed some of the largest factories in Europe and a working class which, in terms of numbers, degree of organization, and quality of leadership, was almost entirely a product of the preceding three decades. Capitalism was certainly more highly developed in Russia in 1917 than it had been in Germany in 1848. Bearing this in mind, let us substitute "Russia" for "Germany" in a passage from the *Manifesto* already quoted above:

The Communists turn their attention chiefly to Russia, because that country is on the eve of a bourgeois revolution

the is bound to be carried out under more advanced conditions of European civilization and with a more developed proletariat than that of England was in the seventeenth, and of France in the eighteenth century, and because the bourgeois revolution in Russia will be but the prelude to an immediately following proletarian revolution.

Clearly, what Marx and Engels had overoptimistically predicted for Germany in 1848 actually occurred in Russia 70 years later. What this means is that, *given the fact that the socialist revolution had failed to materialize in the west*, Russia was, even according to the theory of the *Manifesto*, a logical starting point.

Furthermore, there is no contradiction between Marxian theory and the fact that the socialist revolution, having once taken place in Russia, spread first to relatively backward countries. For Marx and Engels fully recognized what might be called the possibility of historical borrowing. One consequence of the triumph of socialism anywhere would be the opening up of new paths to socialism elsewhere. Or, to put the matter differently, not all countries need go through the same stages of development; once one country has achieved socialism, other countries will have the possibility of abbreviating or skipping certain stages which the pioneer country had to pass through. There was obviously no occasion to discuss this question in the *Manifesto*, but it arose later on in connection with the debate among Russian socialists as to whether Russia would necessarily have to pass through capitalism on the way to socialism. In 1877 Marx sharply criticized a Russian writer who

felt obliged to metamorphose my historical sketch [in *Capital*] of the genesis of capitalism in Western Europe into an historico-philosophical theory of the *marche generale* imposed by fate upon every people, whatever the historic circumstances in which it finds itself, in order that it may ultimately arrive at the form of economy which will ensure, together with the greatest expansion of the productive powers of social labour, the most complete development of man. (Marx and Engels, *Selected Correspondence*, p. 354.)

And Engels, in 1893, dealt with the specific point at issue in the Russian debate in the following terms:

... no more in Russia than anywhere else would it have been possible to develop a higher social form out of primitive agrarian communism unless—that higher form was *already in existence* in another country, so as to serve as a model. That higher form being, wherever it is historically possible, the necessary consequence of the capitalistic form of production and of the social dualistic antagonism created by it, it could not be developed directly out of the agrarian commune, unless in imi-

tation of an example already in existence somewhere else. Had the West of Europe been ripe, 1860-70, for such a transformation, had that transformation then been taken in hand in England, France, etc., then the Russians would have been called upon to show what could have been made out of their commune, which was then more or less intact. (*Selected Correspondence*, p. 515.)

While this argument is developed in a particular context, it is clear that the general principle involved—the possibility of historical borrowing—applies to, say, China today. Unless both the theory and the actual practice of socialism had been developed elsewhere it is hardly likely that China would now be actually tackling the problem of transforming itself into a socialist society. But given the experience of western Europe (in theory) and of Russia (in both theory and practice), this is a logical and feasible course for the Chinese revolution to take.

Thus we must conclude that while of course Marx and Engels did not expect Russia to be the scene of the first socialist revolution, and still less could they look beyond and foretell that the next countries would be relatively backward ones, nevertheless both of these developments, coming as and when they did, are consistent with Marxian theory as worked out by the founders themselves. What, then, was the nature of their mistake?

The answer, clearly, is that Marx and Engels were wrong in expecting an early socialist revolution in western Europe. What needs explaining is why the advanced capitalist countries did not go ahead, so to speak, "on schedule" but stubbornly remained capitalist until, and indeed long after, Russia, a late-comer to the family of capitalist nations, had passed through its own socialist revolution. In other words, how are we to explain the apparent paradox that, though in a broad historical sense socialism is undeniably the product of capitalism, nevertheless the most fully developed capitalist countries not only were not the first to go socialist but, as it now seems, may turn out to be the last? The *Manifesto* does not help us to answer this question; never in their own lifetime did Marx and Engels imagine that such a question might arise.

THE PROBLEM OF THE ADVANCED CAPITALIST COUNTRIES

To explain why the advanced capitalist countries have failed to go socialist in the hundred years since the publication of the *Manifesto* is certainly not easy, and we know of no satisfactory analysis which is specifically concerned with this problem. But it would be a poor compliment to the authors of the *Manifesto*, who have given us all the basic

tools for an understanding of the nature of capitalism and hence for an understanding of our own epoch, to evade a problem because they themselves did not pose and solve it. Let us therefore indicate—as a stimulus to study and discussion rather than as an attempt at a definitive answer—what seem to us to be the main factors which have to be taken into account.

If we consider the chief countries of Europe, certain things seem clear. First, even under conditions prevailing in the middle of the nineteenth century, Marx and Engels underestimated the extent to which capitalism could still continue to expand in these countries. Second, and much more important, this “margin of expansibility” was vastly extended in the three or four decades preceding World War I by the development of a new pattern of imperialism which enabled the advanced countries to exploit the resources and manpower of the backward regions of the world to a previously unheard-of degree. As Lenin concisely put it in 1920: “Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the people of the world by a handful of ‘advanced’ countries.” (*Collected Works*, Vol. XIX, p. 87.) (This development only began to take place toward the end of Marx’s and Engels’ lives, and it would have been little short of a miracle if they had been able to foresee all its momentous consequences.) Third, it was this new system of imperialism which brought western Europe out of the long depression of the 1870’s and 1880’s, gave capitalism a new lease on life, and enabled the ruling class to secure—by means of an astute policy of social reforms and concessions to the working class—widespread support from all sections of society.

The other side of the imperialist coin was the awakening of the backward peoples, the putting into their hands of the moral, psychological, and material means by which they could begin the struggle for their political independence and their economic advancement.

In all this development, it should be noted, Russia occupied a special place. The Russian bourgeoisie, or at least certain sections of it, participated in the expansion of imperialism, especially in the Middle and Far East. But on balance Russia was more an object than a beneficiary of imperialism. Hence few, if any, of the effects which imperialism produced in the west—amelioration of internal social conflicts, widespread class collaboration, etc.—appeared in Russia.

To sum up: imperialism prolonged the life of capitalism in the west and turned what was a revolutionary working-class movement (e.g. Germany) or what might have become one (e.g. England) into reformist and collaborationist channels. It intensified the contradictions of capitalism in Russia. And it laid the foundations of a revolutionary movement in the exploited colonial and semi-colonial countries.

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Here, it seems to us, is the basic reason why the advanced capitalist countries of western Europe failed to fulfill the revolutionary expectations of the *Manifesto*. Here also is to be found an important part of the explanation of the role which Russia and the backward regions of the world have played and are playing in the world transition from capitalism to socialism.

But, it may be objected, by the beginning of the twentieth century the United States was already the most advanced capitalist country, and the United States did not really become enmeshed in the imperialist system until World War I. Why did the United States not lead the way to socialism?

Generally speaking, the answer to this question is well known. North America offered unique opportunities for the development of capitalism; the "margin of expansibility" in the late nineteenth century was much greater than that enjoyed by the European countries even when account is taken of the new system of imperialism which was only then beginning to be put into operation. There is no space to enumerate and analyse the advantages enjoyed by this continent; the following list, compiled and commented upon by W. Z. Foster in a recent article ("Marxism and American Exceptionalism," *Political Affairs*, September 1947) certainly includes the most important: (1) absence of a feudal political national past, (2) tremendous natural resources, (3) a vast unified land area, (4) insatiable demand for labor power, (5) highly strategic location, and (6) freedom from the ravages of war.

American capitalism, making the most of these advantages, developed a degree of productivity and wealth far surpassing that of any other capitalist country or region; and it offered opportunities for advancement to members of the working class which—at least up until the great depression of the 1930's—were without parallel in the history of capitalism or, for that matter, of any class society that ever existed. (On this point, see the article on "Socialism and American Labor," by Leo Huberman, in the May issue of *Monthly Review*.) This does not mean, of course, that the U. S. economy was at any time free from the contradictions of capitalism; it merely means that American capitalism, *in spite of these contradictions*, has been able to reach a much higher level than the capitalist system of other countries. It also means that capitalism in this country could go—and actually has gone—further than in the European imperialist countries toward winning support for the system from all sections of the population, including the working class. It is thus not surprising that the U. S., far from taking the place of western Europe as the leader of the world socialist revolution, has actually had a weaker socialist movement than any other developed capitalist country.

We see that, for reasons which could hardly have been uncovered a hundred years ago, capitalism has been able to dig in deep in the advanced countries of western Europe and America and to resist the rising tide of socialism much longer than Marx and Engels ever thought possible.

Before we leave the problem of the advanced countries, however, a word of caution seems necessary. It ought to be obvious, though it often seems to be anything but, that to say that capitalism has enjoyed an unexpectedly long life in the most advanced countries is very different from saying that it will live forever. Similarly, to say that the western European and American working classes have so far failed to fulfill the role of "gravediggers" of capitalism is not equivalent to asserting that they never will do so. Marx and Engels were certainly wrong in their timing, but we believe that their basic theory of capitalism and of the manner of its transformation into socialism remains valid and is no less applicable to western Europe and America than to other parts of the world.

Present-day indications all point to this conclusion. Two world wars and the growth of the revolutionary movement in the backward areas have irrevocably undermined the system of imperialism which formerly pumped life blood into western European capitalism. The ruling class of the United States, threatened as never before by the peculiar capitalist disease of overproduction, is struggling, Atlas-like, to carry the whole capitalist world on its shoulders—and is showing more clearly every day that it has no idea how the miracle is to be accomplished. Are we to assume that the western European and American working classes are so thoroughly bemused by the past that they will never learn the lessons of the present and turn their eyes to the future? Are we to assume that, because capitalism was able to offer them concessions in its period of good fortune, they will be content to sink (or be blown up) with a doomed system?

We refuse to make any such assumptions. We believe that the time is not distant when the working man of the most advanced, as well as of the most backward, country will be compelled, in the words of the *Manifesto*, "to face with sober senses his real conditions of life and his relations with his kind." And when he does, we have no doubt that he will choose to live under socialism rather than die under capitalism.

CONCLUSION

On the whole, the *Manifesto* has stood up amazingly well during its first hundred years. The theory of history, the analysis of capital-

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ism, the prognosis of socialism, have all been brilliantly confirmed. Only in one respect—the view that socialism would come first in the most advanced capitalist countries—has the *Manifesto* been proven mistaken by experience. This mistake, moreover, is one which could hardly have been avoided in the conditions of a hundred years ago. It is in no sense a reflection on the authors; it only shows that Engels was right when he insisted in his celebrated critique of Dühring that “each mental image of the world system is and remains in actual fact limited, objectively through the historical stage and subjectively through the physical and mental constitution of its maker.”

How fortunate it would have been for mankind if the world socialist revolution had proceeded in accordance with the expectations of the authors of the *Manifesto*! How much more rapid and less painful the crossing would be if Britain or Germany or—best of all—the United States had been the first to set foot on the road! Only imagine what we in this country could do to lead the world into the promised land of peace and abundance if we could but control, instead of being dominated by, our vast powers of production!

But, as Engels once remarked, “history is about the most cruel of all goddesses.” She has decreed that the world transition from capitalism to socialism, instead of being relatively quick and smooth, as it might have been if the most productive and civilized nations had led the way, is to be a long drawn-out period of intense suffering and bitter conflict. There is even a danger that in the heat of the struggle some of the finest fruits of the bourgeois epoch will be temporarily lost to mankind, instead of being extended and universalized by the spread of the socialist revolution. Intellectual freedom and personal security guaranteed by law—to name only the most precious—have been virtually unknown to the peoples who are now blazing the trail to socialism; in the advanced countries, they are seriously jeopardized by the fierce onslaughts of reaction and counter-revolution. No one can say whether they will survive the period of tension and strife through which we are now passing, or whether they will have to be rediscovered and recaptured in a more rational world of the future.

The passage is dangerous and difficult, the worst may be yet to come. But there is no escape for the disillusioned, the timid, or the weary. Those who have mastered the message of the *Manifesto* and caught the spirit of its authors will understand that the clock cannot be turned back, that capitalism is surely doomed, and that the only hope of mankind lies in completing the journey to socialism with maximum speed and minimum violence.

"THE ANGELS ARE ON OUR SIDE"

The taste for spending one's life in drudgery and never-ending pecuniary anxiety solely in order that certain idle and possibly vicious people may fleece you for their own amusement, is not so widespread as the papers would have us think.

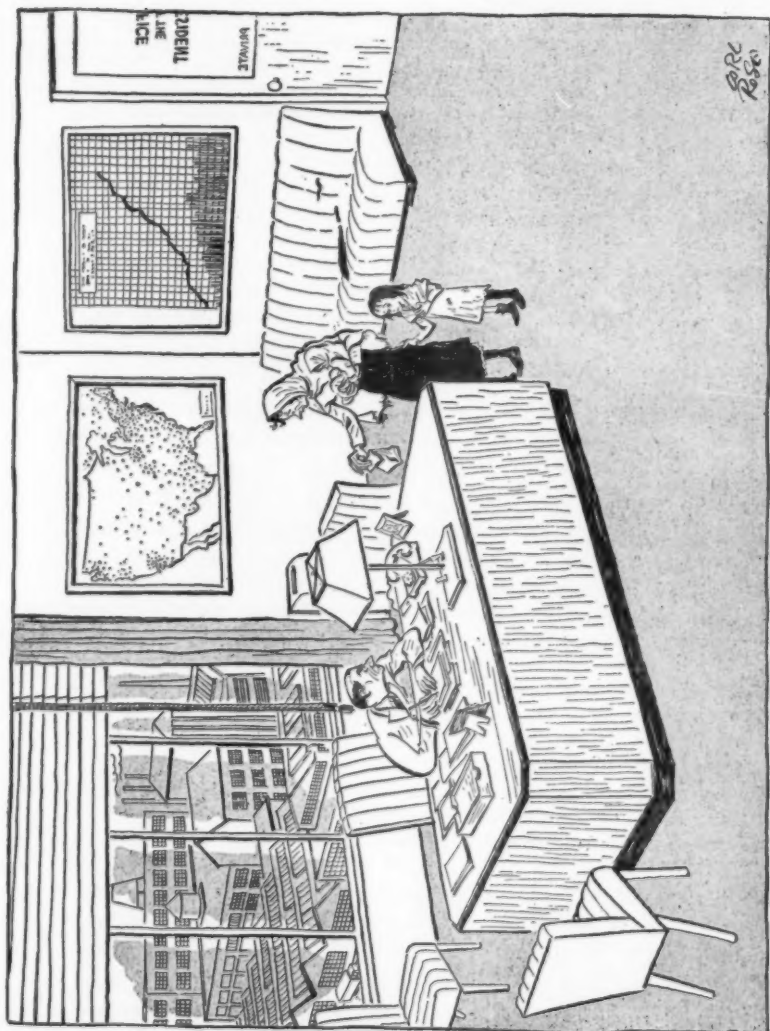
George Bernard Shaw

The angels are on our side. The constant presence of a vast mass of human misery is generating in the educated classes a deep discontent, a spiritual unrest, which drives the lower types to pessimism, the higher to enquiry. Pessimism paralyses the arms and unnerves the hearts of those who would be against us. Enquiry proves that Socialism is founded upon a triple rock, historical, ethical, and economic. It gives, to those who make it, a great hope—a hope which, once it finds entrance into the heart of man, stays to soften life and sweeten death. By the light of the Socialist Ideal he sees the evil—yet sees it pass. Then and now he begins to live in the cleaner, braver, holier life of the future; and he marches forward, steeled and stimulated, with resolute step, with steadfast eye, with equal pulse.

Hubert Bland, in the original *Fabian Essays*

The bells of the world have tolled long enough for death, let them now ring out for life . . . A dead youth is a blasphemy against the God of Life. No one desires war but a fool or a madman, and there is no longer room in the world for madmen or fools. We deny the infallibility of the atom bomb; we affirm the infallibility of the brotherhood of man the world over.

Sean O'Casey



"I've brought your lunch, Lester, and, Lester, I've been a patient, uncomplaining wife, but when, in God's name, are you ever going to stop plowing the profits back into the business?"

THE ACCUMULATION OF CAPITAL

BY LEO HUBERMAN

We've all had the experience at some time or other of walking through a department store and being amazed at the many different articles we see there. One counter after another filled with this, that, and the other thing—some useful, some of little or no use. Almost every day a new gadget is advertised, electric blankets, or hats that look like chimneys, or a special kind of vitamin tablets. A common reaction of people as they look in shop windows is, "What will they think of next?"

There's a definite answer to that rather vague question. They'll think of anything that will make money—anything and everything from Bibles to bubble gum will be produced, if the manufacturer thinks it will make money. It doesn't make any difference to a capitalist what he makes—so long as he makes money.

That wasn't always true. There was a time—before capitalism—when the purpose of production was not to make money but to satisfy needs. The serf produced enough corn to feed himself and his family and what he owed the lord. When there was a surplus beyond that, he went to market with it and sold it for money, so he could buy the shoes he needed. But he did not produce the surplus corn in order to make money; he produced the surplus corn in order to satisfy his need for shoes. He started with corn and ended with shoes. The point of the whole transaction was not to get money but to get what he needed—shoes.

So it was with the craftsmen of the time. They didn't make clothing or swords, or shoes in order to make money. The shoemaker made shoes because someone needed them and had given him an order for them. The shoes he made were sold for their "just price" which included the cost of the material and the amount of labor—and not a penny more. He carried on his business to earn a living, not to make a profit.

Production in capitalist society is entirely different. It is not production for use but for profit. The capitalist doesn't care whether the commodities that are produced in his factory serve this purpose or that

The third of a series of articles designed to present as simply and clearly as possible the fundamental principles of socialism.

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purpose (or indeed, whether they serve any purpose at all) so long as they can be sold at a profit.

On the other hand, the commodities he has to sell may be absolutely essential; people may be starving or freezing for want of them, but if they can't be sold at a profit, he'll stop producing. The need, no matter how desperate, won't matter to him. It is profit, and profit only, which interests him.

That's what the late Wesley C. Mitchell, one of America's outstanding economists, said in his famous book, *Business Cycles*: "Where business economy prevails, natural resources are not developed, mechanical equipment is not utilized, workmanlike skill is not exercised, scientific discoveries are not applied, unless conditions are such as to promise a money profit to those who direct production." (p. 65.)

Now we have seen, in a previous article (*MR* June 1949,) where that profit comes from. The capitalist begins with money. He buys the means of production and labor power. The workers, using their labor power on the means of production, produce commodities. The capitalist takes these commodities and sells them—for money. The amount of money he gets at the end of the process must be greater than the amount of money he started with. The difference is his profit.

If the amount of money at the end of the process is not greater than the amount of money he started with, then there is no profit and he stops producing. Capitalist production does not begin or end with people's needs. It begins and ends with money.

Now suppose this process works—the capitalist finishes the transaction with more money than he started. Does he stop at that point? Not at all. The capitalist is not interested merely in the profit of any single transaction. Profit-making is to him a never-ending process.

Success in capitalist society is not measured by how well you think, or how much you know. It is measured by how much money you have. Prestige and power are measured in dollars and cents. The more money you have the more successful you are. Profits, no matter how large, are never enough to satisfy.

So the capitalist has the desire to keep adding to his pile. The pile will not grow of itself. Money cannot become more money by standing still, by being hoarded. It can only grow by being used as capital, that is by buying means of production and labor power and thus getting a share of the new wealth created by workers every hour of every day of every year.

It's a real merry-go-round. The capitalist seeks more and more profits so he can accumulate more capital (means of production and labor power), so he can make more and more profits, so he can accumulate more capital, so he can etc., etc., etc.

One of the ways in which profits can be increased is by lengthening the working day, that is, by making the workers work longer hours. However, the physical endurance of the worker sets a limit to this, and besides, humanitarians, people of good will, come to the aid of the workers in forcing the government to regulate the hours of work. Over the years, through continual struggles by the working class, the hours of work have been lessened by law. In the first quarter of the 19th century, the working day here extended from sunup to sundown. Then came the fight for a 10-hour day. After years of struggle that was won, and the fight began anew for an 8-hour day. In 1938 the Fair Labor Standards Act was passed reducing the standard work week first to 44 hours, then 42, and finally to 40.

But the capitalists never let up in their attempts to increase the hours of work. Even in 1947 when profits of corporations in the United States reached an all-time high of 17 billion dollars after taxes, business men went to Washington to tell Congressional committees that what the country needed was a change in the standard work week from 40 to 44 and even to 48 hours.

There is another, more important, way to increase profits. Get the workers to turn out more and more goods faster and faster at less and less cost.

Good idea, but how to do it? Machines and scientific management, that's the answer. Greater division of labor. Mass production. Speed-up. Greater efficiency in the plant. More machines. Power-driven machines that enable one worker to produce as much as five did before, as much as ten did, eighteen, twenty-seven. . . .

It happened. It happened in England, France, Germany, in every capitalist country, including the United States—especially in the United States. Just a few of the many available figures tell the story:

In various industries

50 bricks an hour by hand compared to 10,000 bricks an hour by machine.

It took 9,000 man-hours in 1914 to produce as many incandescent lamps as one man produces today.

A giant machine dips 1,000,000 matchsticks every time it turns.

One machine puts soles on 200 pairs of shoes every time it revolves. (John M. Blair, *Seeds of Destruction*, p. 30.)

In steel

In 1884 the average daily output per mineral fuel blast furnace in the United States was 54 tons, in 1930 it was 584 tons. Similarly, the average output per wage earner in 1884 was 170 tons, by 1929 it had risen to over 1700 tons . . .

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One prominent engineer has estimated that 5 modern continuous process mills, put into operation during the early thirties, can now produce with only 130 men an amount of steel sheets which formerly required, under the old type process, over 4,000 men.

In autos

The one-piece stamping of the top has eliminated the manufacture and assembly of 15 parts and 53 hours of labor.

In 1929 an automobile door was made up of 21 parts and cost \$4 to assemble. In 1935 the door consisted of one outside and one inside panel; machine welding the two parts together cost only 15 cents . . .

A single automatic buffing machine, with 1 skilled operator and 2 helpers . . . displaced 150 men . . .

Early in 1934 a roller bearing manufacturer employed about 1,100 men. By 1935 he had eliminated 150 men from his payroll and increased production 15 percent by speed-up and labor-saving machinery.

These quotations for steel and autos are contained in the U. S. Congress Temporary National Economic Committee Monograph No. 22 entitled, "Technology In Our Economy" (pp. 236-238, 257) which goes into great detail on this important subject. It quotes the findings of an eminent economist whose study of economic tendencies in the U. S. led him to the following conclusions:

Between 1899 and 1914 productivity per worker increased at an annual average rate of 1.7 percent a year.

Between 1919 and 1929, productivity per worker increased at an annual average rate of 3.8 percent a year.

Between 1919 and 1929 there was a "tendency toward large scale production" as shown by:

a decrease in the number of establishments of 18 percent

a gain in output per establishment of 68 percent

and at the same time there was "a decrease in the number of wage earners."

Of great significance is the summary statement "The work that required 100 men in 1919 could be done by 70 in 1929." (pp. 60,61.)

Another report, issued by the Twentieth Century Fund in 1947, made the amazing growth in productivity clear in this way:

In 1940 national output was 27 times larger than in 1850,
but

the labor force was only 9 times greater,
and it worked

43 hours a week instead of 70.

These facts and figures prove that over the years, with the use of machines, more and more goods were turned out by fewer and fewer workers at less and less cost. This added up to greater and greater profits for the capitalists. It added up to other things—not nearly so pleasant.

It meant, for example, that increasingly, workers were “displaced” by the machines. The primary reason for the introduction of machinery in the first instance was the employer’s desire to obtain larger profits by saving the amount of labor necessary for the production of a commodity. “Labor-saving” machinery meant exactly that. It meant the replacement of the costly labor of human beings by the more productive, therefore cheaper, labor of the machine.

The machine became the competitor of the workman. The one line, “The work that required 100 men in 1919 could be done by 70 in 1929,” is enough to tell us who won the fight. The workers who were made “superfluous” by machinery became an “industrial reserve army” which could slowly starve, or, by its very existence, help to force down the wages of those who were lucky enough to have jobs.

And not only did machines create a surplus population of workers; they changed the character of labor too. They reduced the amount of skill that had formerly been necessary to produce goods. Unskilled, low-paid labor—with a machine—could do work that required skilled, high-paid labor before. Children could take the place of adults in the factory, women could replace men.

Fewer workers and the replacement of skilled by unskilled workers meant that the share received by labor of the growing value added by manufacture, would be less and less. That’s precisely what happened. The figures prove it. John M. Blair reports that, “The Council for Industrial Progress, an official federal agency, found that during the period of great business expansion, 1919-1929, the value added by manufacturing in all manufacturing industries increased 28 percent, two and a half times faster than wages which gained only 11 percent.” (*Seeds of Destruction*, p. 28.)

Notice that this happened during a period of “great business expansion,” years when there was little or no unemployment and wages were going up. In periods of depression when there is much unemployment and wages drop sharply, then the gap between the productivity and earnings of labor is even greater. Then labor is speeded up more than ever before, slow workers are dropped from the payrolls, and labor-saving machinery is introduced at an accelerated rate.

The picture of greater productivity and proportionately lower wages was the same whether you examined it in good times or bad, as

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a whole or in part. When wages—by the hour—were increased, then output—by the hour—was increased to a greater extent. That's what the TNEC Report, quoted previously, said: "It was found that even during the periods of the greatest increase in wages, the advances in average hourly earnings were generally exceeded by still greater increases in output per man-hour, with the result that unit labor costs decline." (p. 220.)

That decline in "unit labor costs" you recall, was precisely what capitalists were seeking in introducing machinery. Competition forces each capitalist to look for ways whereby he can produce goods more cheaply than others. The lower his "unit labor cost" the more possible it is to undersell his competitors and still make a profit. With the extension of the use of machinery, the capitalist is able to get the workers to produce more and more goods faster and faster at less and less cost.

But the new and improved machinery which makes this possible costs a lot of money. It means production on a larger scale than before, it means bigger and bigger factories. In other words, it means the accumulation of more and more capital.

The larger the scale of production, the lower the cost of production. The big firms, the ones with the money to pay for the costly machinery and giant factories, have an advantage over the little firms. In the fight between big and little firms, the big ones win. The little ones either lose everything and fold up, or they are "merged" with the big firms to make them even bigger than before.

There is no choice for the capitalist. The greatest amount of profits goes to the capitalist who uses the most advanced and efficient technical methods. So all capitalists keep striving for improvements. But these improvements require more and more capital. To stay in business at all, to meet the competition of others and preserve what he has, the capitalist must keep constantly expanding his capital.

Not only does he *want* more profits so he can accumulate more capital so he can make more profits—he finds that he is *forced* to do so by the system.



Discontent is the first step in the progress of a man or a nation.

Oscar Wilde

continued from inside front cover

We are very pleased, therefore, to report that more and more bookstores in more and more cities are ordering more and more copies of MR. Of course, we've hardly scratched the surface as yet, but we have reason to be gratified by sales to date. College bookstores and libraries, particularly, are beginning to come through. You can help this process along by urging your local bookstore to stock MR, and by seeing that libraries in your town are regular subscribers.

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